

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1491-02  
Bill No.: HB 603  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
Department  
Type: Original  
Date: April 9, 2013

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Bill Summary: This proposal sets out intervention options for struggling schools.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Unknown - May exceed \$100,000)</b>	<b>\$0 or (Unknown - May exceed \$100,000)</b>	<b>\$0 or (Unknown - May exceed \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Offsetting Transfers In and Costs are \$0 or Unknown - May exceed \$100,000 annually**

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that, based on the terms of the proposal, if parents successfully petition one of the public schools in the bottom 20% as defined by the proposal, then the district shall implement one of the following intervention methods: restart, closure, transformation, turnaround.

A review of current school improvement grants and the amount of funds schools are currently using in those models, indicates that the grants DESE now offers can range from \$50,000 to \$2,000,000. Currently, the lowest amount requested for school improvement is \$200,000 for a building.

DESE determined there are 418 schools in the bottom 20% of schools as identified for the previous school year under the school improvement program scoring guide, resulting in the following estimate:

$$418 \times \$200,000 \text{ up to } \$2,000,000 = \$83,600,000 \text{ up to } \$836,000,000$$

In addition, DESE would need 10 FTE supervisor positions to promulgate regulations and to handle any appeals, procedures, authorize operators, maintain records and outcomes of petitions. DESE would also need contracted staff in the field to provide monitoring, guidance and additional on-site support. DESE currently contracts for staff to serve 41 buildings at a cost of \$1,406,000 under the federally funded grant = (approx. \$34,300 per person).

**Oversight** assumes it is unknown how many petitions, if any, will be submitted for any of the models presented in the proposal. For fiscal note purposes only, Oversight will show fiscal impact as \$0 or (Unknown - May exceed \$100,000). If enough petitions are generated to justify additional personal services, DESE can request additional personnel through the appropriations process.

Officials from the **Kansas City Public School District (KCPSD)** assume that, if passed, §160.2414 requires DESE to establish regulations and protocols by Jan 1, 2014. Until such time as these regulations and protocols are established it is difficult to forecast unfunded mandates for the proposed legislation. There are no provisions within the bill that require, outlines, or identifies funding to districts that are impacted by the bill if implementation of the bill's requirement are set into play. §160.2408 requires an implementation plan in 180 days. Substantial additional costs from \$200,000-\$300,000 may be required to implement any of the required strategies; however there is no mention of how funding will be provided to districts to

ASSUMPTION (continued)

offset these costs.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Administrative Hearing Commission** and the **Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

This proposal was sent to several other school districts and charter school sponsors, none of which responded to a request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Transfer Out - Department of Elementary and Secondary Education (DESE) - School Improvement Grants</u>	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (Unknown - May exceed \$100,000)</b>	<b>\$0 or (Unknown - May exceed \$100,000)</b>	<b>\$0 or (Unknown - May exceed \$100,000)</b>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - School Districts - School Improvement Grants	\$0 or Unknown - May exceed \$100,000	\$0 or Unknown - May exceed \$100,000	\$0 or Unknown - May exceed \$100,000
<u>Costs</u> - School Districts - Implementation of provisions of proposal	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)	\$0 or (Unknown - May exceed \$100,000)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows the parents of students who attend a public school that is identified as performing in the bottom 20% of schools the previous year based on the School Improvement Program scoring guide to petition to convert or transform the school to one of several models.

Restart Model

The restart model converts a public school or closes and reopens a public school under the management of a charter school operator, a charter management organization, or an education management organization.

School Closure

School closure closes a school and distributes the students to other schools in reasonable proximity.

Transformation Model

The transformation model focuses on changing school leadership and providing professional development.

DESCRIPTION (continued)

Turnaround Model

The turnaround model requires replacing the principal and replacing at least 50% of the staff, offering incentives and enhanced professional development to staff, adopting a new governance structure, use of student data, increasing learning time, and providing social-emotional and community-oriented services for students. Both the transformation and turnaround models have additional permissible strategies specified in the bill.

If parents representing at least 51% of the students attending the school or living in the attendance area, and in the case of a middle school or high school, the schools that feed into them sign a petition requesting one of the interventions, the district must implement the requested option. Signatures can be submitted only when they have surpassed the 51% level, and the district must review the petition and verify the signatures within 45 days. If review discloses that the level of signatures is insufficient, a three-person review board will resolve questions about the signatures. If the review board confirms that there are not enough signatures, the petitioners must have an additional 30 days to clear up discrepancies and to add additional signatures. Once the signatures have been verified, the district must reach a decision within 30 days.

Unless the petitioners explicitly request otherwise, the district must implement the plan within 180 days or, in the case of a petition received after March 1, no later than the first day of the next school year.

Petitioners must not be harassed, intimidated, or threatened and school or district resources cannot be used to support or oppose a petition. If the school district approves a petition to convert a school to a charter school, the parents of a student who attends the school have the right to enroll their child in a different public school in the same district.

The charter school must meet the existing charter school requirements. A charter operator must not have any schools in its portfolio in at least five years that are in the bottom-performing 50% of schools.

The district may make a finding that it is logistically impossible to implement the option requested by petition. If it does, it must state which other options it can implement and submit the issue to the State Board of Education within the Department of Elementary and Secondary Education (DESE), who will make a decision after a hearing officer reviews it and makes a recommendation.

After a school has been reorganized, parents cannot submit another petition regarding the school for at least three years or before the last year of a charter school's charter term. If a school does

FISCAL DESCRIPTION (continued)

not make significant gains in student progress in two years, the district must convert it to a charter school to be run by a charter management organization.

DESE must promulgate regulations concerning the petition and appeals processes, the selection and authorization of charter school operators, and rescission of parent signatures. DESE department must also keep records about petition contents and outcomes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Administrative Hearing Commission  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division  
School Districts  
    Kansas City

**Not Responding:**

Charter School Sponsors



Ross Strope  
Acting Director  
April 9, 2013